

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION – DETROIT**

	)	
In re:	)	Case No. 13-53846
	)	
CITY OF DETROIT, MICHIGAN,	)	In Proceedings Under
	)	Chapter 9
Debtor.	)	
	)	Hon. Steven W. Rhodes
	)	
	)	

**WAYNE COUNTY’S CONCURRENCE IN, AND ADOPTION OF, THE OBJECTIONS OF  
MACOMB COUNTY [DE 4636] AND OAKLAND COUNTY [DE 4627] TO CONFIRMATION  
OF THE DEBTOR’S FOURTH AMENDED PLAN OF ADJUSTMENT**

Wayne County, Michigan, a Michigan Constitutional corporation, a party-in-interest in this case, by and through its County Executive, Robert A. Ficano (“Wayne County”), states:

**Background:**

1. The Detroit Water and Sewerage Department (“DWSD”) is a branch of the City of Detroit government. DWSD provides water and sewage service to four million residents of southeast Michigan, most of whom reside in Oakland, Macomb and Wayne Counties (together, the “Counties”).

2. Wayne County is a customer and potential creditor of the City of Detroit (the “City”). Wayne County and the City are parties to a January 13, 1944 Agreement for Use of Certain Detroit Sewers, amended by a February 28, 1961 Amendatory Agreement and a June 13, 1982 Amendment No. 2, as well as other agreements by which DWSD provides Wayne County and its residents with water and sewage services.

3. DWSD is one of the largest providers of high-quality drinking water and wastewater treatment services in the United States. DWSD’s network covers more than 1,000 square miles, and services more than 40 percent of the population of Michigan.

4. The services supplied by DWSD are core functions of government, supplying the most basic and essential human needs. DWSD maintains an extensive infrastructure designed to meet regional needs.

5. Much of this infrastructure is aged (dating from before World War II) and suffers from years of underinvestment. As a result of issues dating back up to 40 years, Wayne County estimates that there is a need for well in excess of \$1 billion dollars in improvements over the next five years.

6. In 1977, and again in 1980, the U.S. Environmental Protection Agency (the “EPA”) commenced suit against the DWSD, leading to a July 19, 1978 Settlement Agreement and a later Amended Consent Judgment. The Amended Consent Judgment led to significant judicial involvement in the management of DWSD for the approximately next 33 years. Unfortunately, despite that level of involvement and some progress, significant operational and long-term issues remain at DWSD.

7. As a result of a history of mismanagement, an investigation by the new DWSD board and management team discovered that DWSD’s balance sheet has eroded by a billion dollars over the past five years. Further, as a result of this bankruptcy case, DWSD’s borrowing ability has been diminished and its cost of capital increased.

8. The cost of water and sewer services for City of Detroit residents are substantially above federal and industrial guidelines, despite one-third of households being below the poverty level.

9. DWSD is not merely a source of potential revenue to provide other services to Detroit residents. It provides the most vital services, and must maintain a reasonable cost structure to prevent further impoverishment of its customers, including those in the City.

10. For the reasons set forth in the Objections filed by Oakland County (DE 4627) and Macomb County (DE 4636), Wayne County believes that the Plan, as proposed, jeopardizes the continued proper functioning of DWSD.

11. Further, as the Counties state, the Plan, as proposed, depends on the DWSD making a substantial profit, something deviating significantly from its historical results. A Plan that depends on the DWSD remaining a City Department but suddenly generating a profit, while also fixing long-term capital requirements is not feasible.

12. Wayne County therefore adopts and concurs in the objections propounded by both Oakland and Macomb Counties.

13. Wayne County hopes that the mediation process that has recently begun will lead to the creation of a regional Water Authority which would be in the best interests of all parties.

WHEREFORE, Wayne County requests that this Honorable Court deny confirmation of the Plan in its present form, and grant such other relief as is just and equitable.

Respectfully Submitted,

BUTZEL LONG, a professional Corporation

/s/ Max J. Newman

By: Max J. Newman (P51483)

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